

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 SS-15
NSC-05 OC-06 CCO-00 PA-01 /061 W
-----035163 160531Z /20
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FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC 4952
INFO AMEMBASSY CANBERRA

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EO 11652: N/A
TAGS: EAIR, NZ
SUBJECT: CIVAIR: CONSULTATIONS WITH NEW ZEALAND

1. SUMMARY. AFTER CONSIDERABLE "TOING AND FROING" ON THE PART OF THE GNZDEL CONCERNING THE STATUS OF THE FORMALITY OF THE DISCUSSIONS AND THE VITAL ISSUE OF CONTINENTAL AIRLINES' ENTRANCE, ESSENTIAL AGREEMENT WAS REACHED ON THE AIRLINE'S ADMISSION SUBJECT ONLY TO LOCAL REQUIREMENTS FOR ITS OPERATING PERMIT. END SUMMARY.

2. ONE DAY WAS SPENT IN DISCUSSING VARIOUS ISSUES PERIPHERAL TO THE CENTRAL ISSUE OF CONTINENTAL'S ENTRANCE. WHEN USDEL, ON THE SECOND DAY, FORCED THE ISSUE, GNZDEL EXPRESSED SURPRISE AND AMAZEMENT THAT THE TALKS WERE FORMAL AND STATED THAT AS FAR AS THEY WERE CONCERNED THE MEETING WAS ONLY FOR "INFORMAL TALKS." CONSIDERABLE TIME WAS DEVOTED TO THIS POINT AND USDEL INSISTED WHATEVER GNZDEL CONSIDERED THE TALKS TO BE DID NOT HIDE THE FACT THAT ALL U.S. ACTIONS IN THIS CASE WERE COVERED BY THE BILATERAL AND THAT IF WE DID NOT LEAVE WITH A SIGNED AGREEMENT WE WOULD RELUCTANTLY HAVE TO TABLE APPROPRIATE COUNTERMEASURES. GNZDEL, OBVIOUSLY
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UNDER CONSIDERABLE AUSTRALIAN PRESSURE NOT TO SIGN ANYTHING, WAS BACKED INTO A CORNER WHEN USDEL PRESENTED A DRAFT MEMCON WITH LANGUAGE COVERING CONTINENTAL'S ACCEPTANCE, LOW FARES, AND CHARTERS. AFTER CONSIDERABLE DISCUSSION, EVENTUAL AGREEMENT WAS REACHED ON WEDNESDAY. TEXT FOLLOWS IN PARAGRAPH 2.

2. BEGIN TEXT. MEMORANDUM OF CONSULTATION. 1.

DELEGATIONS REPRESENTING THE GOVERNMENTS OF NEW ZEALAND AND THE UNITED STATES MET IN WELLINGTON FROM 13-15 FEBRUARY 1978 TO DISCUSS VARIOUS CIVIL AVIATION MATTERS. DELEGATIONS LISTS ARE CONTAINED IN ANNEXES 1 AND 2.

- 2. THE DELEGATIONS AGREED TO THE FOLLOWING:

- A. THAT THE DESIGNATION OF CONTINENTAL AIRLINES IS CONSISTENT WITH THE TERMS OF THE AIR TRANSPORT AGREEMENT BETWEEN NEW ZEALAND AND THE UNITED STATES DATED 24 JUNE 1964, AND ITS PROPOSED OPERATIONS WILL BE PERMITTED SUBJECT TO COMPLIANCE WITH THE PROVISIONS OF THE SAID AGREEMENT AND THE PROCEDURES ESTABLISHED THEREUNDER:

- B. THAT IT WAS THE DESIRE OF BOTH GOVERNMENTS TO FACILITATE THE VIABLE EXPANSION OF PASSENGER AND CARGO AIR TRANSPORTATION BETWEEN THE TWO COUNTRIES.

- 3. THE UNITED STATES DELEGATION FELT THAT THE OBJECTIVES OUTLINED IN PARAGRAPH 2B COULD BEST BE ACHIEVED BY ENCOURAGING AIRLINES TO OFFER THE TRAVELLING AND SHIPPING PUBLIC A VARIETY OF SERVICE OPTIONS AT THE LOWEST FARES AND RATES THAT CAN BE ECONOMICALLY JUSTIFIED FOR EFFICIENT AIRLINES; FURTHER, BOTH GOVERNMENTS SHOULD ALSO ENCOURAGE AND SUPPORT INDIVIDUAL LIMITED OFFICIAL USE

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AIRLINE INITIATIVES TO OFFER INNOVATIVE, LOW PRICED TARIFFS AND A VARIETY OF SERVICE OPTIONS.

- 4. THE UNITED STATES DELEGATION FURTHER EXPRESSED THE VIEW THAT BOTH GOVERNMENTS SHOULD ADOPT THE FOLLOWING PROVISIONS RELATING TO PASSENGER AND CARGO CHARTER AIR SERVICES, WHETHER PERFORMED BY SCHEDULED OR SUPPLEMENTAL AIRLINES:

- A. EACH PARTY MAY DESIGNATE AIRLINES TO OPERATE CHARTER FLIGHTS BETWEEN THE TWO COUNTRIES AND THE OTHER PARTY WILL GRANT LICENCES TO SUCH AIRLINES AUTHORIZING CHARTER AIR SERVICES CONSISTENT WITH THE AGREEMENT.

- B. EACH PARTY GRANTS TO THE OTHER PARTY RIGHTS NECESSARY TO CONDUCT CHARTER AIR SERVICES (A) WITHOUT LIMITATIONS ON VOLUME, FREQUENCY, OR REGULARITY OF SERVICE; (B) WITHOUT LIMITATIONS ON TRAFFIC ACCESS OR MOVEMENT; AND (C) WITHOUT THE REQUIREMENT FOR PRIOR APPROVAL OF INDIVIDUAL FLIGHTS OR SERIES OF FLIGHTS. THE CHARTERWORTHINESS OF FLIGHTS WILL BE DETERMINED BY

THE RULES OF THE COUNTRY OF TRAFFIC ORIGIN AND PRICES
WILL BE ESTABLISHED BY CHARTERERS UNDER THE SURVEILLANCE
OF THE COUNTRY OF TRAFFIC ORIGIN.

- 5. THE NEW ZEALAND DELEGATION AGREED THAT THE VIEWS
PUT FORWARD IN PARAGRAPHS 3 AND 4 ABOVE BY THE UNITED
STATES DELEGATION WOULD BE CONSIDERED BY THE NEW ZEALAND
AUTHORITIES WHO GAVE AN ASSURANCE THAT THEY WOULD
RESPOND IN DUE COURSE. END TEXT.

3. THE BASIC PROBLEM THROUGHOUT THE DISCUSSIONS WAS

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GNZ'S FEAR OF THE REDUCED FARES TO BE USED BY CONTINENTAL
BASED ON THE LOWER U.S.-PAGO PAGO TARIFF PRESCRIBED BY
THE CAB. PART OF THE DIFFICULTIES CONTINENTAL WILL BE
SUBJECTED TO BY GNZ IN THE PROCEDURES WHICH WILL FOLLOW
HEREON WILL BE BASED ON THEIR RELUCTANCE TO APPROVE THIS
LOWER FARE BECAUSE THEY CLAIM AIR NEW ZEALAND CANNOT
FOLLOW SUIT SINCE IT IS MAKING SO LITTLE PROFIT ON ITS
PRESENT OPERATIONS. UNDOUBTEDLY, GNZ WILL SOON ASK FOR
CONSULTATIONS ON THE PACIFIC FARE RATE AND IT WILL THEN
BE NECESSARY FOR THE USG TO DECIDE HOW TO HANDLE THE
ISSUE.

4. THE FOLLOWING PRESS RELEASE WAS JOINTLY ISSUED BY
BOTH DELEGATIONS AT THE CONCLUSION OF THE MEETING:
BEGIN TEXT. DELEGATIONS REPRESENTING THE GOVERNMENTS
OF NEW ZEALAND AND THE UNITED STATES MET IN
WELLINGTON FROM 13 TO 15 FEBRUARY 1978 TO DISCUSS
VARIOUS CIVIL AVIATION MATTERS.

THE DELEGATIONS AGREED THAT THE DESIGNATION OF
CONTINENTAL AIRLINES IS CONSISTENT WITH THE TERMS OF
THE AIR TRANSPORT AGREEMENT BETWEEN NEW ZEALAND AND
THE UNITED STATES DATED 24 JUNE 1964 AND ITS PROPOSED
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OPERATIONS WILL BE PERMITTED SUBJECT TO COMPLIANCE WITH
THE PROVISIONS OF THE SAID AGREEMENT AND THE PROCEDURES
ESTABLISHED THEREUNDER. END TEXT.

5. ABOVE DRAFTED BY DELEGATION CHIEF BROWN. SELDEN

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